

# MISSOURI DEPARTMENT OF HIGHER EDUCATION

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Missouri Department of Higher Education

*Building Missouri's future...  
by degrees®*



# **CBHE Performance Funding Model**

Testimony by David Russell and  
Paul Wagner to the Joint Committee  
on Education, Oct. 24, 2012



# A National Movement

- Many states have historically funded institutions based on inputs – credit hours delivered, enrollment or institutional costs.
- Policymakers increasingly demand that funding follow performance
- Many states have or are transitioning
- Tenn, Washington, Ohio, Indiana, Florida, Penn, Virginia, Mass, Kentucky, Arizona

# Missouri's Performance Funding Timeline

- 1997 – 2000 – “Funding for Results”
- 2000 – State budget forces cuts to institutions' core appropriations
- 2008 – CBHE adopts the Higher Education Funding model, which incorporated performance funding



# Missouri's Performance Funding Timeline

- Aug. 2011 – Gov. Nixon calls on higher education to develop a performance funding model
- Sept. 2011 -- Commissioner of Higher Education David Russell appoints the Performance Funding Task Force

# The Participants

- Stacey Preis, Joint Committee on Education
- Mike Price, Mo. House of Representatives
- Trevor Foley, Mo. Senate
- Paul Wagner, MDHE
- Zora Mulligan, MCCA
- Brian Long, COPHE
- Mike Nietzel, Office of the Governor



# The Participants, cont'd

## Community Colleges:

- Hal Higdon, OTC
  - Evelyn Jorgenson, Moberly
  - Carla Chance, StLCC
  - Tuesday Stanley, Metropolitan
  - Alan Marble, Crowder
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- John Nilges, Linn State Technical College

# The Participants, cont'd

## Universities

- John Jasinski, Northwest
- Ken Dobbins, SEMO
- Dave Rector, Truman State
- Nikki Krawitz, UM System



# The Process

- Feb. 2011 – Task Force begins meeting
- Dec. 2011 – Draft recommendations to CBHE
- April 2012 – CBHE approves Task Force recommendations
- April-Oct 2012 – MDHE/institutions do a test-run of the model
- Oct. 2012 – FY 2014 budget request includes 3% increase for performance funding

# The Principles

Key characteristics of performance indicators:

- Reliance on existing and externally validated data
- Alignment with established statewide goals
- Straightforward in nature and easily understood



# The Mechanics

- Performance funding will only involve new funding above the base appropriations
- The amounts allocated for performance funding will not exceed 2-3% of the base
- Performance funding gained in one year will become part of the base in subsequent years
- STEM– additional weight will be given for performance in STEM fields where relevant

# The Mechanics

- 2013 is the baseline year
- Success defined as improvement of each institution over its previous year's performance
- Performance funding will only apply to a portion of new appropriations and will not apply to base appropriations
- Each institution will use 5 performance measures



# Community College Performance Measures

Most are from the National Community  
College Benchmarking Project

- 1) Three-year completion rate for first-time,  
full-time entering students.
  - Includes certificates and degrees, and transfer  
to a 4-year institution
  - Better tracking with independent institutions

# Community College Performance Measures

- 2) Percentage of students who successfully complete their last developmental English course, who then successfully complete their first college-level English course.
- 3) Percentage of students who successfully complete their last developmental math course who then successfully complete their first college-level math course.



# Community College Performance Measures

- 4) Percentage of career/technical graduates who pass their required licensure/certification examination.
- For fields where the test is required to work in the field
  - Mostly allied health and public safety
  - High stakes tests

# Community College Performance Measures

## 5) Financial Responsibility and Efficiency

- Institution-specific measure
- Most involve a measure of the number of credit hours completed per \$100,000 of state appropriations



# **Linn State Technical College Performance Measures**

- 1) Three-year graduation rate
- 2) Freshman-to-sophomore retention
- 3) Job placement (180 day follow-up)
- 4) Major field assessments, and/or
- 5) Professional/occupational licensure tests

# Public University Performance Measures

- 1) Student Success and Progress
  - a. Freshman to sophomore retention, or
  - b. First-time, full-time freshmen successfully completing 24 hours in their first academic year.



# Public University Performance Measures

## 2) Increased Degree Attainment

- a. Total degrees awarded, or
- b. Six-year cohort graduation rates

# Public University Performance Measures

## 3) Quality of Student Learning

- a. Improvements in assessments of general education, or
- b. Improvements in assessments in the major field, or
- c. Improvements on Professional/occupational licensure tests



# Public University Performance Measures

- 4) Financial Responsibility and Efficiency
  - a. Percent of total education and general expenditures expended on the core mission (instruction, research, and public service), or
  - b. Increase in educational revenue (state appropriations plus net tuition revenue) per full-time equivalent student at or below the increase in the consumer price index.

# Public University Performance Measures

- 5) Mission-Specific – Each institution chooses one mission-related measure subject to approval by the Coordinating Board.



# Examples of Mission-Specific Measures

- MSU – Number of graduates in STEM, health care and other critical disciplines needed in the future workforce
- UCM – Number of graduates earning degrees in professional and applied technology disciplines
- UM – Federally financed research and development expenditures

# Sustained Excellence

If there is not improvement over the previous year,

- Performance is compared to a national comparator group
- Performance in the top third of the comparator group achieves the threshold for sustained excellence



# Questions

Phone 573-751-2361

Fax: (573) 751-6635

Info. Center: (800) 473-6757

[info@dhe.mo.gov](mailto:info@dhe.mo.gov)

[www.dhe.mo.gov](http://www.dhe.mo.gov)